

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **China - Peoples Republic of**

**Post:** Beijing ATO

### **New Opportunities in an Old Town - Xi'an Food Market**

**Report Categories:**

CSSF Activity Report

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**Report Highlights:**

Xi'an is not only a famous tourist destination in Northwest China, but is also a city with strong potential for U.S. food and agricultural product exports.

**General Information:**

**Xi'an: Past and Present**

At a time when Beijing was only a remote trading outpost and Shanghai fishing village, Xi'an was the world's first city to reach a population of more than one million. was also the first international commercial center in China, serving starting point for the Silk Road. Renowned for being the cultural and political seat of power for over two thousand years, Xi'an was also the capital for 13 Chinese dynasties and emperors.



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Qin Shi Huang, the First Emperor of who united 7 kingdoms and established China in 221 B.C., made Xi'an the capital of his new empire. Today, the city is home to the world-famous army of underground Terracotta Warriors, who guard the First Emperor's tomb, and is also a host to other must-see World Heritage sites.

Xi'an is recognized as an important birthplace of classical Chinese civilization and culture, which in more modern times drives a booming tourism industry. Xi'an welcomed more than 136 million domestic and international visitors in 2015 and earned over \$17 billion in tourist income.

Table 1: Xi'an Economy at a Glance in 2016 (Xi'an Statistical Yearbook)

<i>Population</i>	<i>8.7 million</i>
<i>GDP</i>	<i>\$92 billion</i>
<i>GDP Growth Rate</i>	<i>8.2%</i>
<i>Total Retail Sales of Consumer Goods</i>	<i>\$54 billion</i>
<i>Exports</i>	<i>\$13 billion</i>
<i>Imports</i>	<i>\$15 billion</i>
<i>Tourism Income</i>	<i>\$17 billion</i>
<i>Per Capita Annual Disposable Income</i>	<i>\$4,420</i>

**Other Key Factors about Xi'an**

Xi'an is an important transportation center in China's northwest. The airport and the high-speed railway station are about one hour from the city center. The municipal train station is located in the city center.

United Airlines will start its new route between Xi'an and San Francisco in 2016. This route will operate during the summer months, from May 10 – October 27.

Xi'an has 52 different minorities, including over 64,000 Hui, a Muslim minority. Others include Man, Mongolian, and Xian minorities.

Xi'an's major industries are coal mining, petroleum, mineral products and electronics.

**Xi'an's Retail Sector**

Over the last 5 years, Xi'an's retail sector has developed rapidly. China Resources Vanguard (CRV), a company headquartered in Guangdong Province, dominates the retail sector with 43 stores in Shaanxi Province. CRV also operates in the 5 northwest provinces of China – Shaanxi, Ningxia, Gansu, Henan and Qinghai. To attract more of Xi'an's upper-middle-class consumers, CRV also runs one upper-middle level supermarket (BLT) and one high-end supermarket (Ole) by specially stocking imported foods.

Also, Wal-Mart operates 6 hypermarkets in Xi'an and targets middle level customers. Metro runs two stores in the city and is the top destination for HRI operators and upper-middle income level consumers to source wine, meat, flavorings, and cooking equipment. To increase their competitiveness, other city retailers are seeking to build an unique image and are scrambling to open high-end brand stores.

We expect Xi'an's logistics to continue to improve. Key retail operators are opening more regional distribution centers, expanding outreach to consumers, and seeking to cultivate direct relationships with importers. Also, imported food products are increasingly found in second- and third-tier emerging market cities in Shaanxi, such as the three towns of Baoji, Xianyang and Yan'an.

Table 2: Major Retailers in Xi'an at a Glance

<b>Retailer</b>	<b>Ownership</b>	<b>Type</b>	<b>Outlets</b>
CRV	Guangdong	Hypermarket	34
BLT	Guangdong	Supermarket	1
Ole	Guangdong	Supermarket	1
Wal-Mart	United States	Supermarket	6
Metro	German	Cash-Carry	2
RT Mart	Taiwan	Hypermarket	1
WuMart	Beijing	Hypermarket	1

**HRI Food Service Sector**

Xi'an is a major tourist destination and many major international hotels have established their presence

in the city. International five star hotels include: Crown Plaza, Hilton, Howard Johnson, Kempinski, Marriott Executive Apartments, Novotel, Ramada, Shangri-La (2 hotels), Sheraton, Sofitel (2 hotels), Westin and Wyndham. Most five-star hotels offer menus using imported food products.

Xi'an is also known for all kinds of specialty street foods, particularly beef/lamb stew with bread, steamed dumplings, Shaanxi-style noodles, Shaanxi cold noodle salad (called *Liangpi*), and *Roujiamo*-a Chinese-style hamburger made with sliced stewed pork. These simple dishes are easy to prepare and are often sold as street foods. Xi'an's street foods are very popular in China and tourists actively flock to places where they are made using local ingredients.

Lamb and beef are the two most popular meat products in Xi'an and Shaanxi. Catching on in popularity are steak restaurants, particularly those selling western style food. Steak restaurants are easy to find and are even more common in Xi'an than in Beijing. Imported seafood products are also popular, for example, Xi'an's Shangri-La Hotel offers Boston lobster and Alaskan crabs.

Eating in local restaurants in Xi'an is rather inexpensive. Xi'an is home to Yong Xing Fang Food Alley, a famous dining complex containing over fifty restaurants. You can enjoy a famous dish, *Roujiamo* or lamb soup with bread, for about \$4 (26 RMB). For Western style foods, prices are comparable to those of Beijing or roughly \$15 to \$20 per diner.

#### **Useful Websites for Getting Around in Xi'an:**

[www.xianease.com](http://www.xianease.com): This is an English language website and magazine and offers a good guide for expats to local activities in Xi'an.

[www.dianping.com](http://www.dianping.com): This is a Chinese language website that targets retail businesses and allows consumers to rate them, much like Yelp in the United States. It is a good search engine for local restaurants and sometimes offers discounts.

#### **For More Information or Contacts to Potential Xi'an Buyers, Please Contact Us at:**

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